
By: **Delegates Pendergrass, Barkley, Barve, Bobo, Conroy, Goldwater, Hubbard, Krysiak, Lee, Love, Mandel, Sophocleus, and F. Turner F. Turner, Benson, Bromwell, Donoghue, Haynes, Murray, Nathan-Pulliam, Oaks, and V. Turner**

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Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 18, 2003

CHAPTER _____

1 AN ACT concerning

2 **Health Maintenance Organizations - Definition of Covered Service**

3 FOR the purpose of providing that a service covered by a health maintenance
4 organization be rendered by a provider under contract with the health
5 maintenance organization when obtained in accordance with the terms of the
6 enrollee's benefit contract or by a noncontracting provider when obtained in
7 accordance with the terms of the enrollee's benefit contract or pursuant to a
8 certain referral or a certain approval; providing for a certain exception; defining
9 a certain term; repealing a certain definition; making a certain conforming
10 change; providing for the effective date of certain provisions of this Act;
11 providing for the termination of certain provisions of this Act; and generally
12 relating to the definition of a service covered by a health maintenance
13 organization.

14 BY renumbering

15 Article - Health - General
16 Section 19-701(d) through (i), respectively
17 to be Section 19-701(e) through (j), respectively
18 Annotated Code of Maryland
19 (2000 Replacement Volume and 2002 Supplement)

20 BY repealing and reenacting, without amendments,

21 Article - Health - General
22 Section 19-701(a)

1 Annotated Code of Maryland
2 (2000 Replacement Volume and 2002 Supplement)

3 BY adding to
4 Article - Health - General
5 Section 19-701(d)
6 Annotated Code of Maryland
7 (2000 Replacement Volume and 2002 Supplement)

8 BY repealing and reenacting, with amendments,
9 Article - Health - General
10 Section 19-710(p)(3) and 19-710.1(a) and (b)
11 Annotated Code of Maryland
12 (2000 Replacement Volume and 2002 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Health - General
15 Section 19-710.1(a)
16 Annotated Code of Maryland
17 (2000 Replacement Volume and 2002 Supplement)
18 (As enacted by Chapter 275 of the Acts of the General Assembly of 2000)

19 BY repealing and reenacting, without amendments,
20 Article - Health - General
21 Section 19-710.1(b)
22 Annotated Code of Maryland
23 (2000 Replacement Volume and 2002 Supplement)
24 (As enacted by Chapter 275 of the Acts of the General Assembly of 2000)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That Section(s) 19-701(d) through (i), respectively, of Article - Health -
27 General of the Annotated Code of Maryland be renumbered to be Section(s) 19-701(e)
28 through (j), respectively.

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
30 read as follows:

31 **Article - Health - General**

32 19-701.

33 (a) In this subtitle the following words have the meanings indicated.

34 ~~(D) "COVERED SERVICE" MEANS A HEALTH CARE SERVICE INCLUDED IN THE~~
35 ~~BENEFIT PACKAGE OF THE HEALTH MAINTENANCE ORGANIZATION AND RENDERED~~

~~1 TO AN ENROLLEE OF THE HEALTH MAINTENANCE ORGANIZATION BY A HEALTH
2 CARE PROVIDER, INCLUDING A PHYSICIAN OR HOSPITAL:~~

~~3 (1) PURSUANT TO A VERBAL OR WRITTEN REFERRAL BY THE
4 ENROLLEE'S HEALTH MAINTENANCE ORGANIZATION OR BY A PROVIDER UNDER
5 WRITTEN CONTRACT WITH THE ENROLLEE'S HEALTH MAINTENANCE
6 ORGANIZATION; OR~~

~~7 (2) THAT HAS BEEN PREAUTHORIZED OR OTHERWISE APPROVED
8 EITHER VERBALLY OR IN WRITING BY THE ENROLLEE'S HEALTH MAINTENANCE
9 ORGANIZATION OR A PROVIDER UNDER WRITTEN CONTRACT WITH THE ENROLLEE'S
10 HEALTH MAINTENANCE ORGANIZATION.~~

11 (D) "COVERED SERVICE" MEANS A HEALTH CARE SERVICE INCLUDED IN THE
12 BENEFIT PACKAGE OF THE HEALTH MAINTENANCE ORGANIZATION AND RENDERED
13 TO A MEMBER OR SUBSCRIBER OF THE HEALTH MAINTENANCE ORGANIZATION BY:

14 (1) A PROVIDER UNDER CONTRACT WITH THE HEALTH MAINTENANCE
15 ORGANIZATION, WHEN THE SERVICE IS OBTAINED IN ACCORDANCE WITH THE
16 TERMS OF THE BENEFIT CONTRACT OF THE MEMBER OR SUBSCRIBER; OR

17 (2) A NONCONTRACTING PROVIDER UNDER § 19-710.1 OF THIS SUBTITLE,
18 WHEN THE SERVICE IS:

19 (I) OBTAINED IN ACCORDANCE WITH THE TERMS OF THE BENEFIT
20 CONTRACT OF THE MEMBER OR SUBSCRIBER;

21 (II) OBTAINED PURSUANT TO A VERBAL OR WRITTEN REFERRAL
22 BY:

23 1. THE HEALTH MAINTENANCE ORGANIZATION OF THE
24 MEMBER OR SUBSCRIBER; OR

25 2. A PROVIDER UNDER WRITTEN CONTRACT WITH THE
26 HEALTH MAINTENANCE ORGANIZATION OF THE MEMBER OR SUBSCRIBER; OR

27 (III) PREAUTHORIZED OR OTHERWISE APPROVED EITHER
28 VERBALLY OR IN WRITING BY:

29 1. THE HEALTH MAINTENANCE ORGANIZATION OF THE
30 MEMBER OR SUBSCRIBER; OR

31 2. A PROVIDER UNDER WRITTEN CONTRACT WITH THE
32 HEALTH MAINTENANCE ORGANIZATION OF THE MEMBER OR SUBSCRIBER.

33 19-710.

34 (p) (3) Notwithstanding any other provision of this subsection, a health care
35 provider or representative of a health care provider may collect or attempt to collect
36 from a subscriber or enrollee:

1 (i) Any copayment or coinsurance sums owed by the subscriber or
2 enrollee to a health maintenance organization issued a certificate of authority to
3 operate in this State for covered services provided by the health care provider; or

4 (ii) Any payment or charges for services [not covered under the
5 subscriber's contract] THAT ARE NOT COVERED SERVICES.

6 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
7 read as follows:

8 **Article - Health - General**

9 19-710.1.

10 (a) (1) In this section the following words have the meanings indicated.

11 (2) "Enrollee" means a subscriber or member of the health maintenance
12 organization.

13 (3) ["Covered service" means a health care service included in the
14 benefit package of the health maintenance organization and rendered to an enrollee
15 of the health maintenance organization by a health care provider, including a
16 physician or hospital, not under written contract with the health maintenance
17 organization.

18 (4) "Adjunct claims documentation" means an abstract of an enrollee's
19 medical record which describes and summarizes the diagnosis and treatment of, and
20 services rendered to, the enrollee, including, in the case of trauma rendered in a
21 trauma center, an operative report, a discharge summary, a Maryland Ambulance
22 Information Systems form, or a medical record.

23 [(5)] (4) "Institute" means the Maryland Institute for Emergency
24 Medical Services Systems.

25 [(6)] (5) (i) "Trauma center" means a primary adult resource center,
26 level I trauma center, level II trauma center, level III trauma center, or pediatric
27 trauma center that has been designated by the institute to provide care to trauma
28 patients.

29 (ii) "Trauma center" includes an out-of-state pediatric facility that
30 has entered into an agreement with the institute to provide care to trauma patients.

31 [(7)] (6) "Trauma patient" means a patient that is evaluated or treated
32 in a trauma center and is entered into the State trauma registry as a trauma patient.

33 [(8)] (7) "Trauma physician" means a licensed physician who has been
34 credentialed or designated by a trauma center to provide care to a trauma patient at
35 a trauma center.

1 (b) (1) In addition to any other provisions of this subtitle, for a covered
2 service rendered to an enrollee of a health maintenance organization by a health care
3 provider not under written contract with the health maintenance organization, the
4 health maintenance organization or its agent:

5 (i) Shall pay the health care provider within 30 days after the
6 receipt of a claim in accordance with the applicable provisions of this subtitle; and

7 (ii) Shall pay the claim submitted by:

8 1. A hospital at the rate approved by the Health Services
9 Cost Review Commission;

10 2. A trauma physician for trauma care rendered to a trauma
11 patient in a trauma center, at the greater of:

12 A. 140% of the rate paid by the Medicare program, as
13 published by the Centers for Medicare and Medicaid Services, for the same covered
14 service, to a similarly licensed provider; or

15 B. The rate as of January 1, 2001 that the health
16 maintenance organization paid in the same geographic area, as published by the
17 Centers for Medicare and Medicaid Services, for the same covered service, to a
18 similarly licensed provider; and

19 3. Any other health care provider at the greater of:

20 A. 125% of the rate the health maintenance organization
21 pays in the same geographic area, as published by the Centers for Medicare and
22 Medicaid Services, for the same covered service, to a similarly licensed provider under
23 written contract with the health maintenance organization; or

24 B. The rate as of January 1, 2000 that the health
25 maintenance organization paid in the same geographic area, as published by the
26 Centers for Medicare and Medicaid Services, for the same covered service, to a
27 similarly licensed provider not under written contract with the health maintenance
28 organization.

29 (2) A health maintenance organization shall disclose, on request of a
30 health care provider not under written contract with the health maintenance
31 organization, the reimbursement rate required under paragraph (1)(ii)2 and 3 of this
32 subsection.

33 (3) (i) Subject to subparagraph (ii) of this paragraph, a health
34 maintenance organization may require a trauma physician not under contract with
35 the health maintenance organization to submit appropriate adjunct claims
36 documentation and to include on the uniform claim form a provider number assigned
37 to the trauma physician by the health maintenance organization.

1 (ii) If a health maintenance organization requires a trauma
2 physician to include a provider number on the uniform claim form in accordance with
3 subparagraph (i) of this paragraph, the health maintenance organization shall assign
4 a provider number to a trauma physician not under contract with the health
5 maintenance organization at the request of the physician.

6 (4) A trauma center, on request from a health maintenance organization,
7 shall verify that a licensed physician is credentialed or otherwise designated by the
8 trauma center to provide trauma care.

9 (5) NOTWITHSTANDING THE PROVISIONS OF § 19-701(D) OF THIS
10 SUBTITLE, FOR TRAUMA CARE RENDERED TO A TRAUMA PATIENT IN A TRAUMA
11 CENTER BY A TRAUMA PHYSICIAN, A HEALTH MAINTENANCE ORGANIZATION MAY
12 NOT REQUIRE A REFERRAL OR PREAUTHORIZATION FOR A SERVICE TO BE COVERED.

13 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
14 read as follows:

15 **Article - Health - General**

16 19-710.1.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) "Enrollee" means a subscriber or member of the health maintenance
19 organization.

20 (3) ["Covered service" means a health care service included in the
21 benefit package of the health maintenance organization and rendered to an enrollee
22 of the health maintenance organization by a health care provider, including a
23 physician or hospital, not under written contract with the health maintenance
24 organization:

25 (i) Pursuant to a verbal or written referral by the enrollee's health
26 maintenance organization or by a provider under written contract with the enrollee's
27 health maintenance organization; or

28 (ii) That has been preauthorized or otherwise approved either
29 verbally or in writing by the enrollee's health maintenance organization or a provider
30 under written contract with the enrollee's health maintenance organization.

31 (4)] "Adjunct claims documentation" means an abstract of an enrollee's
32 medical record which describes and summarizes the diagnosis and treatment of, and
33 services rendered to, the enrollee.

34 (b) (1) In addition to any other provisions of this subtitle, for a covered
35 service rendered to an enrollee of a health maintenance organization by a health care
36 provider not under written contract with the health maintenance organization, the
37 health maintenance organization or its agent:

1 (i) Shall pay the health care provider within 30 days after the
2 receipt of a claim in accordance with the applicable provisions of this subtitle; and

3 (ii) Shall pay the claim submitted by:

4 1. A hospital at the rate approved by the Health Services
5 Cost Review Commission; and

6 2. Any other health care provider at the rate billed or at the
7 usual, customary, and reasonable rate.

8 (2) A health maintenance organization that pays a health care provider
9 at the usual, customary, and reasonable rate:

10 (i) Except for services rendered to medical assistance recipients or
11 for services rendered under a contract entered into under § 1876(g) of the federal
12 Social Security Act (42 U.S.C. § 1395mm), may not use Medicare, Medicaid, or
13 workers' compensation payments as part of any methodology used to determine a
14 payment at the usual, customary, and reasonable rate; and

15 (ii) On request of the health care provider, shall disclose the
16 methodology used to determine the amount of payment.

17 SECTION 5. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall
18 take effect on the taking effect of the termination provision specified in Section 3 of
19 Chapter 423 of the Acts of the General Assembly of 2001. If that termination provision
20 takes effect, Section 3 of this Act shall be abrogated and of no further force and effect.
21 This Act may not be interpreted to have any effect on that termination provision.

22 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions
23 of Section 5 of this Act, this Act shall take effect October 1, 2003.